

Programs and services to help you start, grow and succeed

## **SBA – Resources for Your Small Business**

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# **Northern Silicon Valley Partnership**

## **2<sup>nd</sup> Annual**

# Career Strategy Forum

**June 24, 2010**



U.S. Small Business Administration

Your Small Business Resource

[www.sba.gov](http://www.sba.gov)

# **Programs & Services Overview**

- **Financial Assistance**

- 7(a) guaranteed loans
- 504 certified development company loans
- Microloans

- **Counseling & Technical Assistance**

- Small Business Development Centers (SBDC)
- Service Corp of Retired Executives (SCORE)
- Women Business Centers (WBC)

- **Federal Government Contracting Assistance**



# Financial Assistance

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## Loans

- Primarily made by private lenders, with SBA guarantees
- Guarantees are generally up to
  - 85% for loans to \$150,000;
  - 75% of loans above \$150,000



## **7(a) Business loan program**

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Loans up to \$2 million for all legitimate business purposes

- Expand, renovate facilities;
- Buy machinery, equipment, fixtures, buildings and land for business;
- Finance receivables and augment working capital;
- Refinance existing debt (with compelling reason);
- Finance seasonal lines of credit; and/or
- Construct commercial buildings.



## 504 Loan Program

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**504 Certified Development Company (CDC) loan program** – “bricks & mortar” loans for acquisition & construction of commercial real estate, and long-term fixed assets.

Use of Proceeds limited to

- Purchase, Construction, or Improvement of **commercial real estate** where the business is operated
- Purchase of **heavy equipment**

May include limited refinancing of debt incurred for the above purposes if better terms or interest rate will be provided.



# 504 Loan Program

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- As little as 10% down payment
- Below-market, fixed interest rate
- Long-term financing (10 or 20 years)
- Fully-amortizing loan (no balloon payment)
- 2<sup>nd</sup> lien on the project collateral
- 20 yr. term for real estate  
(10 yrs. for equipment, unless useful life is 20 yrs. or more)
- Fixed interest rate pegged to an increment above the 10-year Treasury bill
- Fees total approximately 3% and may be financed.

(Under the Recovery Act, the 1.5% processing fee is eliminated. This provisions sunsets 09/30/2010 or when funds are depleted.)



# **Eligibility Requirements**

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## **Businesses must:**

- **Be operated for profit**
- **Not exceed size standards**
- **Not engage in lending, real estate development, investments or speculation**



## Maximum Size Standards

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SBA has several general size standards. *A business in one of the following industry groups is small if it is not greater than the size standard indicated.*

- Manufacturing – 500 employees
- Wholesaling:
  - 100 employees for financial assistance programs
  - 500 employees for contracting assistance programs
- Services - \$6.5 million in annual receipts
- Retailing - \$6.5 million in annual receipts
- General and Heavy Construction - \$31 million in annual receipts
- Agriculture – from \$750,000 in annual receipts





# **Lender Requirements**

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## **Common documentation includes:**

- **Purpose of loan**
- **Business history \***
- **3 years of financial statements / federal tax returns \***
- **Schedule of term debts \***
- **Aging of accounts receivable and payable \***
- **Projected opening day balance sheet \*\***
- **Lease deals**
- **Amount of owner investment in business**
- **Signed personal financial statement**
- **Personal resumes**

**\*for existing businesses**

**\*\*for new businesses**



# **SBA Requirements**

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- Good character
- Management expertise and commitment to succeed
- Reasonable personal contribution or business equity
- Feasible business plan
- Sufficient collateral
- Ability to repay loan from projected operating cash flow



# Terms

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- Flexible maturities:
  - Up to 10 years for working capital
  - Up to 25 years for fixed assets:
    - Real Estate
    - Construction
    - Equipment
- Interest rates:
  - Negotiated between borrower and lender
  - Typically cannot exceed prime rate plus 2.75%  
(unless loan is \$50.0k or under, or is an SBAExpress)



# Collateral

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- Personal guarantees from principals owning 20% or more
- Liens on assets of business
- Liens on personal assets may be required
- Loans are not declined solely for lack or insufficient collateral



# **SBA Microloans**

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## 7(m) Microloan Program

- Direct loans through non-profit intermediaries
- Loans up to \$35,000
- Fast turnaround
- Up to six years to repay
- Funds used for –
  - Machinery, equipment, fixtures, inventory
  - Leasehold improvements
  - Working capital
- Technical and management assistance available



## **Local Microloan Intermediaries**

OBDC Small Business Finance Co., Oakland

- [www.obdc.com](http://www.obdc.com)

Alameda, Contra Costa, Solano and San Francisco counties

Southeast Asian Community Center, San Francisco

- [www.sea-cc.org](http://www.sea-cc.org)

Alameda, Contra Costa, Marin, Merced, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara & Stanislaus counties



# SBA Resources

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## Small Business Development Centers

<http://www.acsbdc.org/>

<http://www.contracostasbdc.com>

<http://www.sfsbdc.org/>

<http://www.svsbdc.org/>

<http://www.cabrillo.edu/services/sbdc/>

## SCORE – Counselors to America's Small Business

<http://www.eastbayscore.org>

<http://www.sfscore.org>

<http://www.svscore.org/>

<http://www.santacruzscore.org/>



# SBA Resources

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## Women Business Centers

AnewAmerica Community Corp.

<http://www.anewamerica.org>

Bayview Business Resource Center

<http://www.rencenter.org/bay.htm>

Renaissance Entrepreneurship Center

<http://www.rencenter.org>

Women's Initiative for Self Employment

<http://www.womensinitiative.org>

West Company

<http://www.westcompany.org/>





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# SBA Resources

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Online Training Courses – visit

<http://www.sba.gov/services/training/newcourses/index.html>

Finance Primer: A Guide to SBA's Loan Guaranty Programs

<http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=29>

How to Prepare a Loan Package

<http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=28>

How to Prepare a Business Plan

<http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=27>



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# SBA Websites

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SBA Home Page: [www.sba.gov](http://www.sba.gov)

SBA Loan Programs: [www.sba.gov/financing](http://www.sba.gov/financing)

San Francisco District Office: [www.sba.gov/ca/sf](http://www.sba.gov/ca/sf)



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# Thank You

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